



Testimony of Steve Danz, Asparagus Grower
On behalf of the Washington Asparagus Commission
For
House Committee on Agriculture Field Hearing In Yakima, Washington

My name is Steve Danz, I am an asparagus grower from near Mesa, in Franklin County Washington. My grandparents were among the original pioneers of the Columbia Basin Irrigation Project. Our family has been farming in the Basin since 1956 when they broke it out of sage brush. My father planted asparagus in 1986 and for the first twenty years of my 32 years, I have been involved in the production of asparagus. I am a board member of the Washington Asparagus Commission.

The Washington asparagus industry and the U.S. asparagus industry are facing two critical issues which, if left unaddressed, could lead to the elimination of our asparagus industry: unfair trade agreements and problems related to immigration.

Trade Agreements. I would like to describe the situation United States asparagus growers are facing as a direct result of the Andean Trade Preferences Act (ATPA).

Many US asparagus growers have been economically injured as a result of a surge of asparagus imports that followed the implementation of the ATPA and the resulting elimination of the US tariff on Peruvian asparagus. The intent of the ATPA was provide Peruvian drug growers an alternative crop to coca leaf and opium with the hope that it would reduce the flow of illegal drugs into this country. An important component of ATPA is that it must be renewed every 5 years.

When ATPA extended duty free access to Peruvian asparagus, imports of fresh Peruvian asparagus accounted for slightly more than four million pounds annually. In the absence of a tariff; however, a new industry was created in Peru. Now current imports exceed 87 million pounds (a 2000% increase). Imports of processed asparagus products have similarly surged from 500,000 pounds in 1990 to over twelve million pounds last year (a 2400% increase). While US consumers have benefited from year-round a supply of asparagus, that benefit has come at the direct expense of US asparagus growers, their employees and the rural communities that they work in.

In the US, asparagus acreage has dropped from about 90,000 acres before ATPA to just under 50,000 acres in 2006. Prior to ATPA the Washington canned over 55

million pounds of asparagus, representing a little over two thirds of our industry's production. As of June 2005, the last of the three asparagus processors in Washington State relocated to Peru. The largest and most automated asparagus processing facility in the world was packed and shipped in its entirety to Peru to take advantage of the duty free access to Peruvian asparagus. The closures of these plants have caused widespread job layoffs in rural communities one of which had already been designated distressed. Due to the large volumes of Peruvian asparagus on the market, Washington growers are receiving the same price or less than they did prior to the inception of ATPA for fresh and, as of last year, processed asparagus. Significant volumes of Peruvian asparagus now enter during the U.S. industry's domestic season, with large portions of the U.S., the southeastern U.S. in particular, but also the East Coast that rely on Peruvian asparagus year around.

In Michigan, asparagus growers have lowered their prices by as much as 34% in a single year (\$0.63 / lb in 2000 to \$0.42 / lb in 2001) and have sold their asparagus at below the cost of production in 3 of the last 5 years in order to retain processing companies.

Sharply increased production from Peru has all but destroyed the US export market for asparagus products. This asparagus import surge has also prevented domestic processed asparagus from entering the U.S. fresh market. The ATPA and the North American Free Trade Agreement have resulted in the loss of thousands and thousands of jobs in the U.S. asparagus industry.

Since the inception of the ATPA in 1991, the flow of drugs from Peru has continued. The benefits of ATPA must at least be questioned. Whatever benefits have been garnered from this increased trade with Peru, in the case of asparagus, it has come at a very high cost to asparagus growers and handlers in rural communities of California, Washington and Michigan states.

Recently, the U.S. government signed a U.S. Peruvian Free Trade Agreement that will make permanent the duty free status of asparagus. The U.S. government had an opportunity to negotiate a truly free and fair trade agreement with Peru. Unfortunately this did not happen. The U.S. asparagus industry with the support of the leaders from Washington, Michigan and California requested to Representative Portman that pre- ATPA tariffs be imposed during the three months of the year that constitute our domestic asparagus harvest. This would allow domestic producers to grow, harvest and sell asparagus without the unfair burden of competing with zero-tariff Peruvian imports. The U.S. asparagus industry agreed to support the free trade agreement with Peru if the U.S. and Peru would agree phase out the US tariff over fifteen years, starting at the Most Favored Nation rate, for those months when the U.S. has domestic production in the market. Peru would have permanent duty free status for the rest of the year. That is no more protection than any other sensitive commodity would receive. And yet, it was more than our government could do for this industry that is small in national terms, but so important to local communities. Our government adopted the Peruvian government's position and gave our competition what it asked for. Our industry received nothing.

We believe the asparagus growers in Washington (and Michigan) deserve some compensation for having their livelihoods sacrificed for a failed drug policy, and the US government refusing to provide them with a transition period in the Peruvian FTA similar to what other sensitive commodities received. It is likely that Washington-Michigan growers' losses associated with this drug/trade agreement are about \$15-20 million, and we would appreciate the Congress providing a block grant to the Michigan and Washington state departments of agriculture designated for asparagus grower compensation.

In addition, we believe the Trade Adjustment Assistance for farmers is not working. The qualifying criteria are a fall in average national prices of 20%. The program does not recognize the loss of the US asparagus industry, because while the industry is disappearing, average national prices for a twelve month period have not fallen by that amount. When this program is reauthorized in 2007, we request that the criteria be adjusted so that it takes into account the loss of acreage or an import surge in excess of 1000%.

Immigration. The second looming crisis facing our industry as well as others is immigration reform. Asparagus is harvested every day for 70 days, making it the most labor intensive crop in the Pacific Northwest. About 50% of our cost of production goes to employee wages, about 80% of our variable costs are associated with labor. We are dependent on migrant and seasonal farm workers. Historically, cutting asparagus has been a desirable job because it occurs during the time of the year when there are few other jobs and while the work can be physically demanding the pay is usually good. Our workforce is about 99% Hispanic. Approximately 98% of cutters originate from Mexico.

In 2005, our industry had barely enough workers to cut asparagus. In 2006, the supply of workers was adequate to harvest our fields. The Washington Asparagus Commission estimates that harvest of 10% of our state's asparagus beds ended prematurely due to the lack of workers. The cost to our local community due to the lack of workers is in the millions of dollars.

We have job opportunities that are not being filled by local workers. In order for our industry to survive we require a stable flow of workers from Mexico. We want to match willing workers with job opportunities. The workers with the desire and skill that we need are in Mexico. We must have a comprehensive immigration reform that includes a guest worker program that works for the asparagus industry. A guest program must be affordable. It must also be flexible to the point that we can hire the workers we need when we need them.